

Message Text

CONFIDENTIAL

PAGE 01 VIENTI 00078 091247Z

41

ACTION EA-09

INFO OCT-01 EUR-12 EB-07 ISO-00 CIAE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

CAB-02 COME-00 DOTE-00 FAA-00 OES-03 OMB-01 TRSE-00

IGA-02 MC-02 ACDA-05 /090 W
----- 032244

R 091012Z JAN 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5921

INFO AMEMBASSY BANGKOK

AMEMBASSY MOSCOW

AMEMBASSY PARIS

CINCPAC

DIA WASHDC

C O N F I D E N T I A L VIENTIANE 0078

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EAIR, PFOR, LA, FR

SUBJ: TERMINATION OF AIR FRA

B

F-AIR LAO TECHNICAL ASSISTANCE
AGREEMENT

REFTELS A. USDAO VIENTIANE IR 6 856 0001 76 (090210Z JAN 76), NOTAL

B. VIENTIANE 6233 (120241Z NOV 75), NOTAL

C. VIENTIANE 6225 (110822Z NOV 75), OPHUUW.

SUMMARY: APPARENTLY BY MUTUAL CONSENT, AIR FRANCE AND AIR
LAO HAVE TERMINATED THEIR TECHNICAL ASSISTANCE AGREEMENT.
AIR FRANCE HAS TAKEN BACK ITS CARAVELLE, AND AIR LAO IS LEFT
WITH NOTHING LARGER OR FASTER

THAN ITS DC-4'S. IT IS NOT

CLEAR WHETHER AIR LAO WILL CONTINUE TO SERVE AS GENERAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENTI 00078 091247Z

SALES AGENT FOR AIR FRANCE IN LAOS, OR WHETHER AIR LAO WILL

ACQUIRE A REPLACEMENT HIGH-PERFORMANCE ACFT. THE DEPARTURE OF FRENCH AVIATION PERSONNEL FROM VIENTIANE WILL FURTHER REDUCE THE LOCAL FRENCH COMMUNITY, ALTHOUGH THE FRENCH CONSELOR ESTIMATES THAT SOME 1500 FRENCH NATIONALS REMAINED AS OF END OF YEAR. END SUMMARY.

1. FRENCH COUNSELOR CHRISTIAN LAMBERT TOLD EMBOFF IN LATE DEC THAT THE TECHNICAL ASSISTANCE AGREEMENT BETWEEN AIR FRANCE AND AIR LAO (FORMERLY ROYAL AIR LAO) WOULD END IN NEAR FUTURE. LAMBERT DID NOT SPECIFY WHICH PARTY TOOK THE INITIATIVE TO END THE AGREEMENT. BUT AIR LAO HAD ALREADY DISINTEGRATED ALMOST TOTALLY (REFS B AND C) AND THE FRENCH HAD ALREADY HANDED OVER THE BANQUE DE L'INDOCHINE AFTER CONSIDERABLE DIFFICULTY WITH LAO COMMUNIST AUTHORITIES AND HAD DECIDED TO WITHDRAW THEIR MILITARY MISSION IN ADVANCE OF AN OFFICIAL REQUEST OR DEMANZFLSOM THE LAO.

2. LAMBERT CLAIMED THAT AIR FRANCE HAD LOST \$2 MILLION SINCE 1972 ON ITS ASSOCIATION WITH AIR LAO, ALTHOUGH AN AMERICAN BUSINESSMAN WELL ACQUAINTED WITHSKOMMERCIAL AIR OPERATIONS IN LAOS AND THAILAND DOUBTS SERIOUSLY THAT AIR FRANCE'S LOSSES COULD HAVE BEEN FYWHERE NEAR THAT AMOUNT.

3. THE CARAVELLE JET WHICH AIR LAO HAD LEASED UNDER THE AGREEMENT WITH AIR FRANCE SINCE THE AUTUMN OF 1974 REVERTED TO AIR FRANCE AS OF DEC 31. THE CARAVELLE IS CONTINUING TO FLY THE FRENCH GOVERNMENT'S SAIGON-TO-BANGKOK AIRLIFT OF FRENCH AND OTHER FOREIGN NATIONALS, BUT IT IS NOW OPERATED BY AIR FRANCE. THE AIRLIFT HAS REPORTEDLY BEEN EXTENDED UNTIL FEBRUARY.

4. WHEN AIR LAO FIRST GOT THE CARAVELLE, THE OFFICIAL VERSION GIVEN OUT WAS THAT AIR LAO PAID AIR FRANCE ONLY THE TOKEN SUM OF ONE FRANC PER ANNUM FOR ITS USE. HOWEVER, THE SAME AMERICAN SOURCE CITED ABOVE SAYS HE HAS LEARNED THAT AIR LAO ACTUALLY HAD TO PAY A LEASING FEE EQUIVALENT TO ABOUT US\$2,800 PER MONTH, SO AIR LAO'S PRESUMED INABILITY TO MEET ITS PAYMENTS MAY HAVE HAD SOMETHING TO DO WITH THE REVERSION OF THE CARAVELLE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENTI 00078 091247Z

5. CHARTERING OF THE CARAVELLE, FIRST TO UNHCR AND MORE RECENTLY TO THE FRENCH GOVERNMENT, WAS BELIEVED TO HAVE BEEN VIRTUALLY THE ONLY MONEY-MAKING OPERATION AIR LAO HAD IN RECENT MONTHS. WHILE THE THAI/LAO BORDER WAS CLOSED, FROM NOV 18 UNTIL JAN 1, AIR LAO PERHAPS MADE MONEY ALSO ON THE BANGKOK-VIENTIANE RUN, ON WHICH IT EMPLOYED THE CARAVELLE (BTWN CHARTERS) AND ITS ONE

CURRENTLY FLYABLE DC-4. (UNDER THE AIR LAO-AIR FRANCE AGREEMENT, AIR LAO HAD TO BUY TWO DC-4'S, WHICH AIR FRANCE ROUNDED UP FROM THE FARTHEST REACHES OF ITS EMPIRE, E.G., AIR MADAGASCAR.) FUEL SHORTAGES, MANAGEMENT AND MAINTENANCE PROBLEMS, AND POLITICAL CHANGES COMBINED SEVERAL WEEKS AGO TO ELIMINATE AIR LAO'S SCHEDULED DOMESTIC FLIGHTS. THE COMPANY'S PISTON ACFT, WHICH INCLUDE THREE DC-3'S, ARE STILL AVAILABLE FOR CHARTER WHEN IN CONDITION TO FLY, BUT THE PDRL'S AMBIVALENT ATTITUDE TOWARD TOURISM (THEORETICAL ENCOURAGEMENT, PRACTICAL LACK OF FACILITIES AND PROCEDURES) HAS SO FAR KEPT DOMESTIC CHARTERS INFREQUENT AND IRREGULAR.

6. WHEN EMBOFF SPECULATED THAT AIR LAO WOULD PROBABLY WANT TO REPLACE THE CARAVELLE WITH A COMPARABLE ACFT

AT AN EARLY DATE, FRENCH COUNSELOR LAMBERT COMMENTED THAT AIR LAO WOULD PROBABLY MAKE SOME SORT OF DEAL WITH AEROFLOT. HOWEVER, SOVIET MILITARY ATTACHE'S COMMENTS TO DATT ON JAN 8 (REF A) SUGGEST THAT NO SUCH ARRANGEMENT IS CONTEMPLATED, AT LEAST FOR NOW (SOVS,ZKS PREVIOUSLY REPORTED, ARE PROVIDING THE LAO GOVERNMENT WITH ACFT, FLIGHT CREWS AND GROUND PERSONNEL FOR IN-COUNTRY AIR OPERATIONS, BUT THESE FLIGHTS SO FAR CARRY ONLY COMMUNIST OFFICIALS AND THEIR DEPENDENTS AND DO NOT CARRY COMMERCIAL PASSENGERS. IN ADDITION, AEROFLOT PROVIDES VIENTIANE WITH INTERNATIONAL SERVICE, CALLING HERE TWICE WEEKLY IN EACH DIRECTION ON ITS MOSCOW-HANOI-MOSCOW ROUTE WHICH CURRENTLY EMPLOYS THE IL-18 BUT, PER REF A, MAY SOON BE UPGRADED TO TU-154.)

7. LAMBERT ALSO SAID HE EXPECTED THAT ONLY ONE FRENCH PILOT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 VIENTI 00078 091247Z

WOULD REMAIN WITH AIR LAO AFTER JAN. THIS APPEARS TO MEAN THAT FRENCHMEN WHO MAKE UP PART OF AIR LAO'S DC-4 CREWS WILL FOLLOW THE CARVELLE CREW TO GREENER PASTURES. LAMBERT SAID THE AIR FRANCE MANAGER WOULD REMAIN IN VIENTIANE THROUGH MAR, BUT AT THAT TIME AIR FRANCE WOULD CLOSE ITS VIENTIANE OFFICE AND RELINQUISH THE MANAGER'S VILLA AND ITS OTHER PROPERTIES. (COMMENT: IT IS NOT CLEAR WHETHER AIR FRANCE WILL ALSO DROP AIR LAO AS ITS GENERAL SALES AGENT IN LAOS; THE AGENCY HAS REPORTEDLY BEEN LUCRATIVE FOR AIR LAO AT TIMES.)

8. AIR FRANCE'S WEEKLY FREQUENCY (FLTS 180 AND 181) THAT FORMERLY SERVED VIENTIANE TWICE EACH TUESDAY ON THE PARIS-HONG KONG-PARIS RUN (BOEING 707) MADE ITS LAST

CALLS HERE ON OR ABOUT DEC 9. LAMBERT CONFIRMED THAT THE VIENTIANE STOPS HAD BEEN ELIMINATED PRIMARILY BECAUSE NAVAIDS AT WATTAY AIRPORT DID NOT MEET SAFETY REQUIREMENTS. (COMMENT: DATT VISITS TO WATTAY CONTROL TOWER DEC 21 AND 22 AND DEC 29 CONVERSATION WITH AIR FRANCE CARAVELLE CAPTAIN WITH WHOM DATT IS ACQUAINTED CONFIRMED THAT ALL AIR NAVAIDS AT VIENTIANE HAVE BEEN OUT OF SERVICE SINCE FIRST WEEK OF DEC. AND WILL REMAIN SO UNTIL FURTHER NOTICE, DUE TO NON-AVAILABILITY OF REPAIR PARTS.)

9. FINALLY, WITH REGARD TO FRENCH COMMUNITY IN LAOS, LAMBERT NOTED THAT DESPITE DEPARTURES OF LARGE NBR OF FRENCH NATIONALS IN RECENT WEEKS AND OF MILITARY MISSION IN FINAL DAYS OF 1975, AND DESPITE CLOSE-OUT PLANS OF LARGER FRENCH BUSINESSES, THERE WERE STILL SOME 1500 PRIVATE FRENCH CITIZENS IN LAOS. (HE DID NOT DIFFERENTIATE BTWN METROPOLITANS AND OTHER WHO HAVE FRENCH NATIONALITY.) HE EXPRESSED BELIEF, HOWEVER, THAT MOST OF THE 1500 WOULD EVENTUALLY BE "FORCED OUT OF LAOS." (COMMENT: A SMALL NUMBER OF LOCAL EMPLOYEES OF THIS EMBASSY WHO HOLD FRENCH NATIONALITY ARE AMONG THOSE LEAVING VIETNAME IN JAN. FRENCH GOVERNMENT IS PAYING FOR THEIR "REPATRIATION.") CORCORAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TECHNICAL ASSISTANCE, AGREEMENTS, FOREIGN RELATIONS, AIRLINES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENTI00078
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760008-0486
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760169/aaaacjty.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 19 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 APR 2004 by SmithRJ>; APPROVED <16 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TERMINATION OF AIR FRA B
TAGS: EAIR, PFOR, LA, FR, AIR FRANCE, ROYAL AIR LAO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006